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Press brief

Kenya Maritime Authority educates Shippers on global practices

The Kenya Maritime Authority (KMA) has organized a trade facilitation workshop on 9th and 10th March, 2016 at the Hilton Hotel Nairobi to educate shippers in Kenya and the East African Community on correct export and import practices in order to streamline industry practices within the region and increase profitability of the maritime sector.

The forum is aimed at equipping stakeholders in the maritime sector with a practical knowledge of use of appropriate International Commercial Terms commonly referred to as INCOTERMS. Incoterms are a set of international rules governing the relationship between a buyer and a seller in the international sale contract.

The workshop will empower the region's shippers along the Northern Corridor transit axis to compete globally and increase the economic benefits realized from international trade. Stakeholders in the industry will also be sensitized on how to protect themselves against liabilities when they participate in international sale agreements.

Other industry partners who have facilitated the workshop include the the Shippers Council of Eastern Africa (SCEA), the Inter-governmental Standing Committee on Shipping (ISCOS), Northern Corridor Transit Transport Coordination Authority (NCTTCA), Kenya Revenue Authority (KRA), Insurance Regulatory Authority (IRA), Kenya Ports Authority (KPA), KENTRADE, Kenya Bureau of Standards (KEBS), and Chase Bank .

Poor understanding of international maritime trading terms is attributed for the low benefits realized from the maritime sector in Kenya and the Eastern Africa region. In East Africa, most traders use International Commercial Terms (Incoterms) that put them at a disadvantage

compared to their foreign trading partners. Majority of traders in the region use Free On Board (FOB) for imports and Costs Insurance and Freight (CIF) terms for exports. Since traders in the region are net importers of finished products and exporters of primary commodities, there is a huge depletion of foreign reserves, reduced state revenue, loss of control of goods, loss of profits, loss of right to negotiate on better terms of carriage or insurance for shipment of goods and our export products become uncompetitive in the international market.

Growth in trade volumes and other complexities have changed the trading operating environment and have brought into attention the inefficient clearance procedures and national security concerns. Traders are faced with slow, cumbersome and costly customs/trade clearance processes and lost business opportunities. The logistics cost in some parts of the world is 4% to 9% of the value of goods compared to the estimated 30% to 40% for goods passing through the Port of Mombasa. Studies have shown that implementation of trade facilitation measures have many benefits including: increase of government revenue; expansion of trade and investments; increase of employment opportunities; improved savings and profits for traders.

Another key issue that will be discussed during the workshop is the International Maritime Organization's (IMO) new regulations on Container Weights Verification which requires shippers to verify the gross mass of containers before they are allowed to load onto ships. The mandatory law governing Safety of Life at Sea is set to come into force on 1st July, 2016. When the law comes into force, shippers who do not comply with the regulations will not have their containers loaded onto ships and risk having their registration withdrawn.

Other topics that will be covered during the forum include: Inter-agency collaboration in trade facilitation – A Port Community perspective; International Trade Financing; Regulation of the Marine Cargo Insurance Industry; Declaration Module under the Single Window System; Elimination of Non-Trade Barriers along the Northern Corridor; Importance of Advance Shipping Information System; Pre-Clearance Initiative in Kenya; Implementation of Single Customs Territory (SCT); and the Expanded Pre-Export Verification of Conformity to Standards (PVOC) Programme.

Similar forums are scheduled to take place in Kisumu, Mombasa as well as the Transit countries which use the Port of Mombasa, including Rwanda, and Uganda in order to enhance the contribution of the maritime industry to the economies of the respective countries.

It is estimated that the maritime industry handles close to 90 per cent of Kenya's total foreign trade.

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